



THE STAR

## ASX Announcement

7 February 2022

### 1H FY2022 EARNINGS UPDATE AND REMEDIATION OF WAGE UNDERPAYMENTS

The Star Entertainment Group Limited (ASX code: SGR) (**The Star**) provides the following updates.

#### 1H FY2022 EARNINGS UPDATE

The Star will release its 1H FY2022 financial results on 17 February 2022. As previously disclosed, 1H FY2022 earnings have been materially impacted by COVID-19 related property shutdowns, operating restrictions and border closures.

The Star Sydney, which was closed from the start of the period to 11 October 2021, recorded strong revenue growth upon re-opening, with revenue up 29% on pcp from 11 October to 31 December 2021. The Queensland casinos' total revenue was stable on pcp when open, despite border closures and COVID-19 related operating restrictions.

Subject to completion of the external audit and finalisation of the financial statements for 1H FY2022, The Star expects to report normalised<sup>1</sup> EBITDA of \$28-30m in 1H FY2022 and a normalised net loss of \$73-75m. The Star expects to report statutory EBITDA of \$30-32m (before significant items) and a statutory net loss of \$73-75m (post significant items).

The prevalence of the Omicron variant of COVID-19 impacted trading results in December and January, with a peak in mid-January. This impact has subsequently eased and trading continues to progressively improve.

#### REMEDICATION OF WAGE UNDERPAYMENTS

The Star has identified the underpayment of wages to certain current and former salaried team members and has commenced a process to fully remediate all impacted team members.

The underpayment has been identified through a six-year retrospective wage review of salaried team members underpinned by modern awards. In some cases, team members were found to not be 'better off overall' as the annual salary was not sufficient to compensate the team member for their equivalent award entitlements such as overtime and penalty rates.

Over the review period, the number of team members on annualised salaries underpinned by an award is approximately 2,200 and The Star plans to take a provision of approximately \$13m in its 1H FY2022 accounts for the expected cost of remediation<sup>2</sup>. This provision includes estimated back payments, interest and superannuation contributions, where applicable. The Star's workforce was paid approximately \$3.3 billion across the same six-year period.

The Star has informed the Fair Work Ombudsman and the United Workers Union.

The Star has improved its processes, systems and training and has a plan in place to ensure salaried team members' pay is correct moving forward.

The Star's MD & CEO Matt Bekier said: "We apologise to any team member impacted by the payment shortfall and we are committed to doing the right thing by acting transparently. Our priority is to address this issue and to ensure that it doesn't happen again."

<sup>1</sup> Normalised results reflect the underlying performance of the business as they remove the inherent win rate volatility of the International VIP Rebate business. Normalised results are adjusted using an average win rate of 1.35% on actual turnover, taxes and revenue share commissions, unless otherwise stated, and are before significant items

<sup>2</sup> This provision will be accounted for as a restatement in prior periods in accordance with AASB 108

**Authorised by:**  
Board Disclosure Committee

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